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April 20, 2005

Representative Mike Nofs
124 North Capitol Avenue
Lansing, Michigan 48909

Dear Chairman Nofs:

The Subcommittee on Telecommunications & Technology met several times to address the sufficiency and effectiveness of current statutory provisions for consumer protection related to telecommunications customers. This assignment deadline, given 60 days, is April 23, 2005. The Subcommittee is once again pleased to report back in a timely manner.

Testimony was received from Verizon, SBC, CLEC Association of Michigan, Michigan Consumer Federation, AARP, Michigan Public Service Commission (MPSC), Office of the Attorney General, and the Small Business Association of Michigan (SBAM).

Consumer protection has been a continuing issue through the many changes of the Michigan Telecommunications Act (MTA). For example, "slamming" complaints – the unauthorized switching of one's provider – reached record high complaints (272) toward the end of 2001, but reached a low of 22 complaints in December of 2004. This can be attributed to the stiff penalties contained in the 2000 statutory changes to the MTA and the implementation of these by the MPSC.

Another example of consumer protection issues has been in the area of service quality. In 2004, the Service Quality Section of the Telecommunications Division of the MPSC handled 11,055 complaints. In previous years some companies experienced more problems than others, but have worked hard trying to resolve service quality issues.

At a time when more deregulation is debated, the question of what to protect consumers from and how best to accomplish it must be part of the discussion. The following are highlights from the testimony received by the committee:

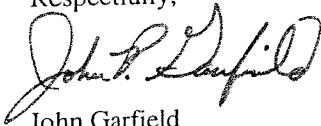
- National policies for broadband and wireless, not for each state.
- Competition and choice are the best protection for customers.
- Control over the "last mile" of wire presents a problem for competition.
- More deregulation of services should occur.
- Protect the consumers interested in or only needing plain old telephone service, but let market conditions and competition govern others.
- The Consumer Protection Act does not apply to a transaction or conduct specifically authorized under laws administered by a regulatory board or officer acting under statutory authority of Michigan or the United States; thus, the Act does not apply to many telecommunications issues.

Questions arising from these discussions include:

- What is the proper role of the MPSC?

- Should certain issues, such as service quality over wireless providers, be a national or state issue?
- Which services, if any, should be deregulated? Should this be done legislatively or be left to the MPSC to do in a formal hearings process?
- If the Consumer Protection Act does not apply to certain conduct, is sufficient language contained in **the** MTA?

Respectfully,

A handwritten signature in dark ink, appearing to read "John P. Garfield". The signature is fluid and cursive, with the first name "John" being the most prominent.

John Garfield
Chairman
Telecommunication Sub-Committee